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IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1941.

MORTON SALT COMPANY,
Petitioner,
v.
THE G. S. SUPPIGER COMPANY,
Respondent.
No. 49.

PETITION FOR REHEARING.

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St. Louis, Missouri,
January 27, 1942.

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LIST OF CASES CITED.

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PETITION FOR REHEARING.

Now comes the respondent in this cause and respectfully requests that a rehearing be granted for the following reasons:

I.

This Court apparently summarily assumed that the respondent has been using its patent "as effective means of restraining competition with its sale of an unpatented article," which is the basis of the decision.

This Court says:

> "• • • The question we must decide is not necessarily whether respondent has violated the Clayton Act, but whether a court of equity will lend its aid to protect the patent monopoly when respondent is using it as the effective means of restraining competition with its sale of an unpatented article."

The Court then relates certain selected facts and states:

> "It thus appears that respondent is making use of its patent monopoly to restrain competition in the marketing of unpatented articles, salt tablets, for use with the patented machines, and is aiding in the creation of a limited monopoly in the tablets not within that granted by the patent. * * *."

The Court evidently has overlooked the fact that there is nothing in the Record which shows or suggests that the patent sued on was being used "as the effective means of restraining competition with its sale of an unpatented article," or "that respondent is making use of its patent monopoly to restrain competition in the marketing of unpatented articles." The petitioner does not even contend the existence of a monopoly in salt tablets on the part of the respondent.

Apparently the Court has failed to consider that the respondent leases its own property under written contracts; and that every business contract creates a business monopoly to the extent of the scope of the contract.

II.

By its decision, this Court has apparently established a rule of law which is contrary to the expressed will of Congress.

In its concluding remarks this Court says:

> "It is unnecessary to decide whether respondent has violated the Clayton Act, for we conclude that in any event the maintenance of the present suit to restrain petitioner's manufacture or sale of the alleged infringing machines is contrary to public policy and that the district court rightly dismissed the complaint for want of equity."

The only "public policy" to which this Court apparently

refers is that crystallized in the Clayton Act, particularly § 3. Hence, the decision actually holds that even if there is only a contended suggestion of a violation of the "public policy" crystallized by § 3 of the Clayton Act, then a patent owner cannot sue for infringement of its patent.

The Court has apparently failed to consider that Congress has specifically refused to pass legislation making proved violation of the Clayton Act a defense in a patent infringement case. The recent proposed Dill Bill which contained a provision making violation of the Clayton Act a defense in a patent infringement case as a major portion thereof was not passed by Congress. The rule announced by this Court goes farther than the Dill Bill, for a proved violation of the Clayton Act was required under the proposed Dill Bill.

III.

This Court apparently has failed to give consideration and expression to the controlling fact in the present case that the leased machines are the property of the respondent, whereas, in the Carbice case, the Leitch case, and all of the other cases involving the so-called unwarranted extension of a patent to unpatented products doctrine, no special property right of the patent owner was involved. Those practicing the processes of the patents in those cases, whether under implied or expressed licenses, did so on their own premises and with their own property.

In apparently overlooking the position defended by the respondent, this Court did not consider the controlling point of property ownership by the respondent in its depositing machines. This point was not present in, and by virtue of the nature of the patents could not be present in, the *Carbice,* etc., cases. Apparently the Court overlooked the important facts that the respondent does not

license others to make its machines upon the provision that such machines be used with salt tablet sold by the respondent; that the respondent manufactures the depositing machines itself, retains the property right in them, and leases the machines, one term of each lease being the use of the machines only with salt tablets sold by the respondent. In the *Carbice*, etc., cases, the only property right of the patent owner involved was the ownership of the respective patent for the processes of those patents where carried out on the premises and with the property of the users. Apparently, this Court has interpreted the respondent's actions as though it were licensing the manufacture and use of machines under its patent.

IV.

This Court has apparently failed to apply the rules of law heretofore established by it in the Motion Picture Patents Co. v. Universal Film Mfg. Co., 243 U. S. 502, 61 L. ed. 871.

In the *Motion Picture* case, *supra*, this Court said (pp. 875-876):

> "The extent to which the use of the patented machine may validly be restricted to *specific supplies* or otherwire *by special contract* between the owner of a patent and the purchaser or licensee *is a question outside the patent law, and with it we are not here concerned* * * *." (Emphasis added.)

And (p. 877):

> "Whatever the right of the owner may be to control by restriction the material to be used in operating the machine, it must be a right derived through the *general law from the ownership of the property in the machine*, and it cannot be derived from or protected by the patent law, which allows a grant only of the

right to an exclusive use of the new and useful discovery which has been made—this and nothing more."

Apparently, the Court has failed to consider that the respondent has entered into a "special contract" with each of its lessees, and that it has "a right derived through the general law from the ownership of the property in the machine" leased to each of its lessees, as it retains ownership of the machines.

V.

This Court has apparently failed to apply the rules of law heretofore established by it in Federal Trade Commission v. Sinclair Refining Co., 261 U. S. 463, 67 L. ed. 746, and International Business Machine Corp. v. U. S., 298 U. S. 131, 80 L. ed. 1085.

In respondent's brief, careful analysis is made of the *Federal Trade Commission* case, *supra*, pages 13-17, and of the *International Business Machine* case, *supra*, pages 18 and 19.

The Court apparently failed to consider the fact that the respondent follows the practice of the *Sinclair Refining Company* sanctioned by this Court, the only factual difference being the ownership by the respondent of a patent. The Court also apparently overlooked the rule of law in the *International Business Machine Corp.* case, *supra*, that the ownership of a patent does not ipso facto render the owner guilty of violation of the Clayton Act, and, by the same token of any "public policy," which the Clayton Act, particularly § 3, crystalizes.

VI.

The statement in the decision:

"Respondent argues that this doctrine is limited in its application to those cases where the patentee seeks

> **to restrain contributory infringement by the sale to licensees of a competing unpatented article, while here respondent seeks to restrain petitioner from a direct infringement, the manufacture and sale of the salt tablet depositor. • • •"**

is apparently a misapprehension of the Court, for the respondent made no distinction between contributory infringement and direct infringement.

In the United States Law Week for December 16, 1941, in the report of the argument there is found, page 3192:

> "Estill E. Ezell counsel for the patent owner stated that it is immaterial whether this is a case of direct or contributory infringement, since the question of monopoly arose under the general law, not the patent law."

CONCLUSION.

We respectfully request, therefore, that in view of the foregoing, a rehearing be granted the respondent.

Respectfully submitted,

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St. Louis, Missouri,
January 27, 1942.

Certificate.

Estill E. Ezell, attorney of record for the respondent in the above-entitled suit, hereby certifies that in his opinion the foregoing petition for rehearing is well founded in law and in fact and that it is presented in good faith and not for the purpose of delay.

Estill E. Ezell,
Attorney for Respondent.